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8 Attorneys for Defendants
HSBC MORTGAGE CORPORATION (USA) AND
9 HSBC BANK USA, N.A.

10 UNITED STATES DISTRICT COURT
11 NORTHERN DISTRICT OF CALIFORNIA
12 SAN FRANCISCO DIVISION

13 Philip Wong, Frederic Chaussy, and Leslie
Marie Shearn, individually, on behalf of all
14 others similarly situated, and on behalf of
the general public,

15 Plaintiffs,

16 v.

17 HSBC Mortgage Corporation (USA);
18 HSBC Bank USA, N.A.; and DOES 1
through 50, inclusive,

19 Defendants.
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Case No. C 07 2446 MMC [ECF]

**DECLARATION OF LAWRENCE
KELTER IN SUPPORT OF
DEFENDANTS' OPPOSITION TO
PLAINTIFFS' MOTION FOR
CONDITIONAL CERTIFICATION,
PRODUCTION OF UPDATED CLASS
LIST, AND PARTIAL SUMMARY
JUDGMENT**

Date: February 8, 2008
Time: 9:00 a.m.
Courtroom: 7 (19th Floor)
Judge: Hon. Maxine M. Chesney

Complaint Filed: June 29, 2007 (Amended)
Trial Date: Not Yet Set

1 I, Lawrence Kelter, hereby declare and state:

2 1. I have personal knowledge of the facts set forth below. If called as a witness,
3 I could and would testify to the following:

4 2. I have been employed by HSBC Mortgage Corporation (USA) ("HSBC
5 Mortgage") for almost six (6) years. I am a regional manager. Since October 2007, I have
6 supervised all the loan officers employed by HSBC Mortgage in New Jersey, Connecticut and
7 Westchester County, New York. There are about thirty (30) loan officers in my region.

8 3. Before October 2007, I supervised the HSBC Mortgage loan officers in New
9 Jersey and in the Poconos area of Pennsylvania. This region had a total of about sixteen (16) loan
10 officers.

11 4. My employer is HSBC Mortgage. My boss is also employed by HSBC
12 Mortgage. HSBC Bank USA, N.A. is a separate company. I do not report to any officer of HSBC
13 Bank. I tell all the loan officers I hire that they will be employed by HSBC Mortgage and not HSBC
14 Bank. HSBC Mortgage is listed on all loan officers' business cards.

15 5. HSBC Mortgage has three physical offices in New Jersey, one office in
16 Westchester County, New York and one office in Connecticut.

17 6. There was no physical HSBC Mortgage office in the area of Pennsylvania that
18 used to be in my region. There is also no branch of HSBC Bank there. HSBC Mortgage was trying
19 to start doing business in that area by making connections with home builders.

20 7. The loan officers in my region do not have any required work hours or
21 schedule. There is a lot of flexibility. They can work any hours they want. There is no minimum
22 hours requirement. Loan officers can work as much or as little as they want. I just expect them to
23 meet certain minimum production standards and provide excellent customer service.

24 8. There are sixteen (16) branches of HSBC Bank in New Jersey, seven (7) in
25 Connecticut, and twenty-six (26) in Westchester County. These branches refer bank customers who
26 ask about mortgages to HSBC Mortgage loan officers. The system I use to decide who gets what
27 referrals is to assign each loan officer one or two bank branches from which they will always receive
28 the referrals. I consider a variety of factors to decide who gets which branch and how many

1 branches, including seniority, productivity, whether they have a good relationship with the bank
2 employees, and geographical convenience.

3 9. In this region, the HSBC Bank branches are a good source of business for loan
4 officers. I do not require loan officers to spend any particular amount of time at the bank branch.

5 10. In addition to receiving referrals from the bank branches, I expect the loan
6 officers to spend a lot of time cultivating other sources of business. Loan officers cannot survive just
7 from referrals from the banks.

8 11. It is up to loan officers where to get business from. Some suggestions I
9 provide to them are to cultivate relationships with accountants, realtors, attorneys, financial planners
10 and businesses. My region also subscribes to a few trade shows a year that loan officers may attend
11 on a voluntary basis.

12 12. Loan officers are usually not required to keep a calendar or provide any sort of
13 report to me regarding how they spend their time. However, if a loan officer is not performing well,
14 I will ask them to provide me a log of who they have called. This is an assessment tool that I use to
15 make sure they are not just sitting around waiting for business. I expect loan officers to be spending
16 time in the field meeting with and cultivating potential clients.

17 13. The most common type of loan in my region are confirming loans that have a
18 maximum amount of \$417,000.00. Premier or jumbo loans are not as common. We provide training
19 to loan officers about the features of conforming loans, as well as frequent guidance and advice from
20 myself and other managers about sales and loan application procedures.

21 14. I hold staff meetings for the loan officers that I supervise once a month. I
22 have combined meetings for the loan officers in Connecticut and Westchester County, New York,
23 and separate meetings for the loan officers in New Jersey. I select topics to discuss at meetings
24 based on what I feel is pertinent, what is going on in the local real estate market and what I feel will
25 help loan officers increase their sales. I sometimes have guest speakers, such as a representative of a
26 title company or a real estate attorney, talk at staff meetings. I have also had real estate appraisers
27 speak with loan officers about local housing values.
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1 15. I provide verbal coaching to loan officers constantly, whether their
2 performance is good or bad. Disciplinary decisions are made by me and the sales managers. The
3 discipline procedure used is a verbal counseling, followed by a written warning, followed by a final
4 written warning. If I see that someone is really trying, however, I often provide extensions of time
5 from the progressive discipline procedure to give the loan officer an opportunity to improve and stay
6 with the company.

7 16. When loan officers are first hired in my region, I normally give them a
8 forgivable draw (minimum compensation level) for the first six (6) months before they are paid on a
9 straight commission basis. I have never given anyone less than six (6) months. However, I have
10 given loan officers longer on a few occasions. I once offered someone ten (10) months of forgivable
11 draw because he had strong sales skills, but he was new to the mortgage industry, and I felt he
12 needed some time to familiarize himself with industry.

13 17. The total amount of income that loan officers make varies by person and by
14 location. New Jersey is a more competitive industry than New York. The loan officers I supervise
15 in New Jersey tend to make less than the loan officers I supervise in New York. Loan officers in
16 New Jersey tend to earn between \$35,000.00 and \$65,000.00 per year. The average income range in
17 Westchester County, New York is about \$45,000.00 to \$85,000.00 per year. However, there are
18 some top producers who make well over six figures in a year.

19 I declare under penalty of perjury under the laws of the States of California and New
20 Jersey and the laws of the United States of America that the foregoing declaration is true and correct
21 to the best of my personal knowledge.

22 Executed this 18th day of January, 2008, in PARSONS, New Jersey.

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LAWRENCE KELTER